

## Assembly Bill No. 2251

### CHAPTER 769

An act to amend Sections 25210 and 25213 of the Corporations Code, relating to broker-dealer agents.

[Approved by Governor September 22, 1998. Filed  
with Secretary of State September 23, 1998.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2251, Honda. Broker-dealer agents: registration.

Existing law provides for the licensing of security broker-dealers and the regulation of agents by the Commissioner of Corporations.

This bill would require the commissioner to review the disciplinary histories of securities sales agents upon the filing of certain notices, as specified. The bill would also make certain technical changes.

*The people of the State of California do enact as follows:*

SECTION 1. This act shall be known and may be cited as the Investor Protection Act.

SEC. 2. Section 25210 of the Corporations Code is amended to read:

25210. (a) Unless exempted under the provisions of Chapter 1 (commencing with Section 25200) of this part, no broker-dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state unless the broker-dealer has first applied for and secured from the commissioner a certificate, then in effect, authorizing that person to act in that capacity.

(b) No person shall, on behalf of a broker-dealer licensed pursuant to Section 25211, or on behalf of an issuer, effect any transaction in, or induce or attempt to induce the purchase or sale of, any security in this state unless that broker-dealer and agent have complied with any rules as the commissioner may adopt for the qualification and employment of those agents.

(c) The commissioner shall, consistent with Section 25213, review the disciplinary histories of agents upon the filing of notice of (1) the employment or transfer of an agent for a broker-dealer, (2) an amendment to the information filed by the agent at the time of employment or transfer, and (3) the termination of employment of the agent from the broker-dealer.

SEC. 3. Section 25213 of the Corporations Code is amended to read:

25213. The commissioner may, after appropriate notice and opportunity for hearing, by order censure, or suspend for a period not

exceeding 12 months, or deny or bar from any position of employment, management or control of any broker-dealer or investment adviser, any officer, director, partner, agent, employee of, or person performing similar functions for, a broker-dealer, if the commissioner finds that the censure, suspension, denial, or bar is in the public interest and that the person has committed any act or omission enumerated in subdivision (a), (e), (f), or (g) of Section 25212 or has been convicted of, or pled nolo contendere to, any offense or been held liable in any civil action specified in subdivision (b) of Section 25212, or is enjoined from any act, conduct or practice specified in subdivision (c) of Section 25212 or is subject to any order specified in subdivision (d) of Section 25212.

O

